



STATE OF CALIFORNIA
ELECTRICITY OVERSIGHT BOARD

770 "L" Street, Suite 1250
Sacramento, CA 95814
916.322.8601
916.322.8591 (fax)

MEMORANDUM

Date: April 17, 2001

To: Electricity Oversight Board Members

Ms. Kari Lynn Dohn, Member
Mr. Bruce G. Willison, Member
Senator Debra Bowen, Member
Assemblyman Roderick D. Wright, Member

From: M. Catherine George, Staff Counsel

Re: Agenda Item 5-UPDATE
Consideration of and Possible Action on Amendments to the California
Independent System Operator Corporation's Bylaws to Conform to
Assembly Bill 5X

This memorandum supplements the April 13, 2001 memorandum to you in connection with this item. The motion contained in this supplemental memorandum replaces the motion set forth in the April 13, 2001 memorandum.

Attached is a copy of the CAISO's April 16, 2001 Assistant Secretary's Certificate formally requesting Electricity Oversight Board (Board or EOB) approval of the bylaws amendments the CAISO board of governors approved at its April 12, 2001 meeting.¹ In addition, the materials presented in the April 13, 2001 memorandum concerning Agenda Item 5 require one modification.

The April 13, 2001 memorandum to you identified the phrase "For so long as the State of California is the only Participating State" that had been inserted in Article III, Section 4.3 (*Chairperson*)² of the bylaws as unnecessary to conform to statute and unnecessary for purposes of internal consistency. As such, EOB staff recommended that the Board

¹ The formal request attaches the complete corporate bylaws, with the amendments approved by the CAISO board of governors on April 12, 2001 marked to show changes from the currently effective bylaws. Because all of the provisions you are requested to consider are contained in Attachments A and B of April 13, 2001 memorandum to you (with one modification described in the body of this memorandum), we have not burdened your materials with the full set of bylaws. We are happy to provide you with the full set at your request.

² See April 13, 2001 EOB Staff Memorandum, Attachment A, Change Number 5.

approve the CAISO's proposed bylaws amendments subject to the CAISO board of governors deleting the phrase from Article III, Section 4.3 of its bylaws.

Yesterday, CAISO management advised EOB staff that the CAISO board of governors had intended by its discussions and subsequent motion approving bylaws amendments on April 12, 2001 to delete the phrase "For so long as the State of California is the only Participating State" from each instance in which it appeared in the bylaws,³ including Article III, Section 4.3. Based on CAISO management's representation, the proposed Change Number 5 now reads:

[Article III]
4.3 Chairperson

(i) The ~~State Oversight Authority Board~~ shall appoint a Chairperson of the Governing Board. The Chairperson shall ~~may~~ be appointed from among the members of the Governing Board ~~selected to any of the seats on the Board described in Sections 3.3(a) through (m), or may be appointed as an additional member of the Governing Board, thereby raising the number of Governors by one.~~

(ii) As soon as reasonably practicable but not later than ten (10) days after the office of Chairperson becomes vacant, or sixty (60) days prior to the expiration of the term of office of the Chairperson, the Secretary shall notify the ~~State Oversight Authority Board~~ and the ~~State Oversight Authority Board~~ shall promptly undertake selection of a Chairperson, including specifying any process for nomination of a candidate or candidates.

In light of the clarification offered yesterday by CAISO management, it is no longer necessary to condition approval of the bylaws amendments on deletion of the phrase. EOB staff believe that, collectively, the proposed amendments bring the CAISO bylaws into conformance with statute as amended by AB 5X. Accordingly, EOB staff recommend that that you approve the package of amendments by the following motion:

MOVED, that the Electricity Oversight Board hereby approves the proposed amendments to the CAISO bylaws.

Please let us know if you have questions or concerns about these amendments. Mr. Richard Jacobs, Senior Corporate Counsel and Assistant Secretary for the CAISO will also be present at the meeting to answer your questions.

Attachment

³ The phrase had been considered and rejected by the CAISO board of governors in connection with another of the provisions in the bylaws (proposed Change Number 3). Because it was not approved, it is not presented to you in connection with that provision.